

m/001/058

From: Tom Munson
To: dick@delwave.com
Date: 6/10/2005 9:22:56 AM
Subject: red emerald bond M045/058
001/058

>>> Doug Jensen 6/1/2005 10:09 AM >>>

Tom

I looked over the bond that Rancho submitted, here's what I have a problem with.

Under the heading "Reclaim the mine area" They dropped replacement of the growth material and reduction of the visual impact. The plan states that they will replace this material

They reduced the total area that they will revegetate, if they put back soil, they need to seed it and the plan states that they will revegetate all areas including the benches.

The reduction of the visual impact was a BLM criteria, they need a letter from the BLM that states that this treatment is no longer necessary before I can remove it from the bond.

They also only want to escalate the bond for three years, they need to approach management on that until I am told otherwise the escalation period is five years.

I recalculated the bond reducing the area of the mine from 3.5 to 3.1 acres, the new surety amount is \$55,200 with everything else left in the bond as it was originally calculated.

Let me know what you think.....

0005

RECLAMATION SURETY ESTIMATE					
Red Emerald, Inc.					
Red Emerald Mine			filename M001-058.xls		
DOGM file Number M/001/058			Beaver County		
Prepared by Utah State Division of Oil, Gas & Mining					
**These cost figures used in this surety estimate furnished by Red Emerald, Inc.					
Note: actual unit costs may vary according to site conditions			last unit cost update		03/01/05
-Amount of disturbed area which will receive reclamation treatments =				6.07 acres	
-Estimated total disturbed area for this mine =				6.07 acres	
Activity	Quantity	Units	\$/unit	\$	Note
Safety gates, signs, etc (mtls & installation)	1	Sum	250	250	(1)
Demolition of bunkhouse/office	1 lump sum		500	500	(2)
ReclaimWaste Rock Area					
Rough grade/contour mine area	3.1 acres		500	1550	**
Reduce visual impact	3.1 acres		1500	4650	**
Replace growth medium	3.1 acres		1500	4650	**
Revegetate	3.1 acres		1700	5270	**
Reclaim Waste Rock Area					
Rough grade/contour areas	2 acres		500	1000	**
Erosion control structures	2 acres		500	1000	**
Replace growth medium	2 acres		1500	3000	**
Revegetate	2 acres		1700	3400	**
Reclaim Roadways					
Rough grade	0.97 acres		500	485	**
Replace topsoil material	0.97 acres		1500	1455	**
Erosion Control	0.97 acres		1500	1455	**
Revegetate	0.97 acres		1700	1649	**
General site cleanup & trash removal	3 acre		75	225	(00)
Equipment mobilization	3 equip		2000	6000	(00)
Reclamation supervision -10% of reclamation estimate				3858	(15)
	Subtotal			40397	
10% Contingency				4040	
	Subtotal			44437	
Escalate for 5 years at 4.44% per year				10781	
	Total			55217	
Rounded surety amount in year 2010 \$				55200	
Average cost per disturbed acre =		9097			